

Message Text

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ORIGIN NEA-04

INFO OCT-01 ISO-00 /005 R

66602

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APPROVED BY: NEA/INS:DKUX

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R 161341Z OCT 73

FM SECSTATE WASHDC

INFO RUMJHT/AMEMBASSY KATHMANDU 1592

AMEMBASSY COLOMBO

LIMITED OFFICIAL USE STATE 199651

REF: COLOMBO 2517

FOLLOWING SENT ACTION NEW DELHI, INFO MOSCOW, OCT 6, FROM
SECSTATE RPTD TO YOU:

QUOTE LIMITED OFFICIAL USE STATE 199651

E.O. 11652: N/A

TAGS: EAGR, IN, UR

SUBJECT: SOVIET WHEAT LOAN TO INDIA

1. FYI FOLLOWING STORY ENTITLED "BUTZ DENIES U.S.
WHEAT RE-SHIPPED BY SOVIETS" CARRIED "WASHINGTON POST"
OCT 6:

"AGRICULTURE SECRETARY EARL BUTZ YESTERDAY DENIED THAT
WHEAT SOVIET UNION IS SENDING TO INDIA AND OTHER
COUNTRIES COMES FROM MAMMOTH SHIPMENT PURCHASED LAST
YEAR FROM U.S.

"BUTZ ISSUED HIS PREPARED STATEMENT ABOUT TIME NUTRI-
TION EXPERT DR. JEAN MAYER WAS TELLING A SENATE HEARING

U.S.-SOVIET DEAL MADE IT POSSIBLE FOR SOVIET
UNION TO SEND FOOD TO INDIA AND BANGLADESH, REAPING

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GREAT CREDIT OUT OF A GENEROSITY HEAVILY SUBSIDIZED BY

U.S. TAXPAYER.

"MAYER SAID U.S. SHOULD CREATE GRAIN AUTHORITY TO BE BARGAINING AGENT IN FUTURE DEALS.

"AGRICULTURE SECRETARY SAID HE ISSUED HIS PREPARED STATEMENT TO 'SET RECORD STRAIGHT' AFTER 'SEVERAL RUMORS... CIRCULATED IN U.S. RECENTLY THAT THEY WERE DIVERTING OUR GRAIN SHIPMENTS.'

"'ASST SEC OF AGRICULTURE CARROLL BRUNTHAVER HAS JUST RETURNED FROM MOSCOW,' BUTZ' STATEMENT SAID. SAID 'RUSSIAN OFFICIALS ASSURED HIM NONE OF U.S. GRAIN THEY BOUGHT IS BEING DIVERTED TO OTHER DESTINATIONS OUTSIDE BLOC. THIS CONFIRMS OUR OWN CONCLUSIONS AFTER CHECKING OUT RUMORS.'

"'THE 2 MILLION TONS OF WHEAT SOVIET UNION HAS AGREED TO LEND INDIA 'WILL BE THEIR OWN WHEAT,' BUTZ SAID,'... SINCE THEY HAVE JUST HARVESTED A RECORD LARGE GRAIN CROP OF THEIR OWN. SOME CANADIAN OR AUSTRALIAN WHEAT MAY ALSO BE INCLUDED.'

"'THE GAO SAID IN MARCH THAT AGRICULTURE DEPT SUBSIDIZED GRAIN SALE 'MUCH BEYOND WHAT APPEARED NECESSARY OR DESIRABLE.'

"'IT SAID WINNERS IN DEAL WERE BIG U.S. GRAIN EXPORTERS AND SOVIET UNION, WHICH GOT AN ESTIMATED 440 MILLION BUSHELS OF WHEAT AT 'WHAT TURNED OUT TO BE BARGAIN PRICES.'

"'MAYER, CHAIRMAN OF 1970 WHITE HOUSE CONFERENCE ON FOOD, NUTRITION AND HEALTH, SAID DEAL AMOUNTED TO 'NUTRITIONAL YALTA' THAT HELPED PROMOTE STARVATION IN SOME PARTS OF WORLD.

"'RISING WORLD PRICES RESULTING FROM DEAL ARE 'AS RESPONSIBLE FOR FAMINES AS ARE NATURAL CONDITIONS WHICH AGGRAVATE SITUATION,' MAYER SAID.

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"BRUNTHAVER TOLD NEWS CONFERENCE SOVIET COMMUNIST PARTY CHIEF LEONID BREZHNEV TOLD TREASURY SEC GEORGE P. SHULTZ IN MOSCOW LAST WEEK THAT RUSSIANS EXPECTED 'MASSIVE' WHEAT CROP THIS YEAR." KISSINGER UNQUOTE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WHEAT, AGREEMENTS, PRESS COMMENTS, FOOD ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 16 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE299651
Document Source: CORE
Document Unique ID: 00
Drafter: NEA/INS:JELEADER
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731028/aaaaaalt.tel
Line Count: 111
Locator: TEXT ON-LINE
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: COLOMBO 2517
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 19 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Dec-2001 by martinml>; APPROVED <05 MAR 2002 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: EAGR, IN, UR
To: NEW DELHI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005